

## Providers gain capitation ground

Collecting information is one thing; interpreting it is another. National Health Information polled 466 provider groups; among the questions was, "If you have renegotiated a contract in the last 12 months, has the capitation rate increased, decreased, or stayed the same?" Answers given by providers contracting with HMOs seem to indicate that those physicians are seeing better days, but you shouldn't jump to conclusions.

"If a provider group rode the arbitrage to wild success one year and had massive profits, then its rate is going to go down the following year," says NHI President David Schwartz.

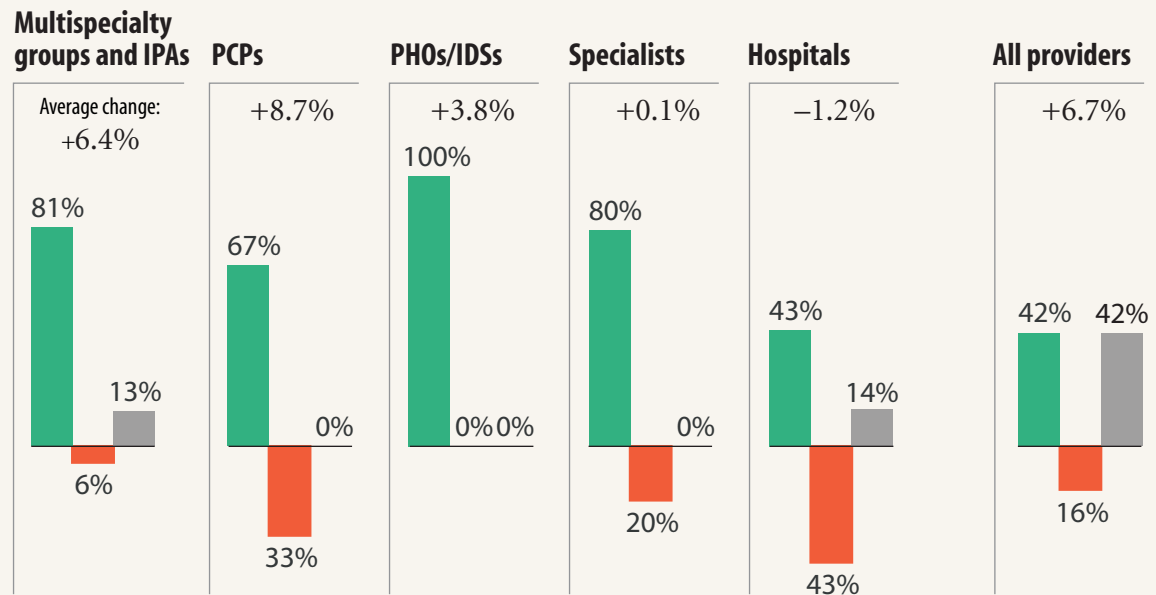
"Something's going to change in that contract so that the HMO is not allowing the provider to win as big.

"On the other hand, if the provider group fails and loses money during the contract year, it's going to come back and say 'Look, if you want us to continue as an entity serving your members, we're going to absolutely need this much money to make it work,'" he continues. "So, I think a lot of the increases reported in the 1999 survey are reactions to poor performance among provider groups."

The only provider category that saw an overall decrease in its average capitation rate was hospitals — perhaps reflecting a growing perception among both providers and payers that hospital capitation may not be workable over the long run.

### Capitation snapshot

- = percentage of respondents indicating an increased capitation rate
- = percentage of respondents indicating a decreased capitation rate
- = percentage of respondents indicating no change



SOURCE: 1999 CAPITATION SURVEY, NATIONAL HEALTH INFORMATION, ATLANTA. FOR INFORMATION, CALL 800-597-6300 OR VISIT WWW.NHI.ONLINE.NET